



DECEMBER 16, 2024

# THE FINANCIAL BREW

## INDIAN MACRO NEWS :

### India's Index of Industrial Production(IIP) for October

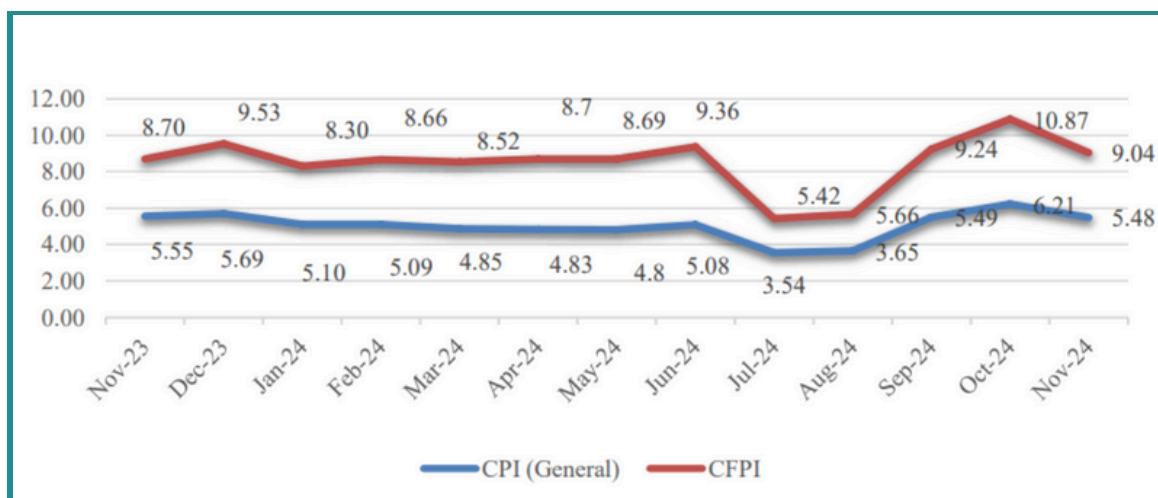


India's Index of Industrial Production (IIP) recorded a YoY growth of 3.5% in October, up from 3.1% in September this year. The IIP recorded a growth of 11.9% in October 2023. The industrial growth rate of the manufacturing sector, which accounts for more than three-fourths of the IIP, recorded a growth of 4.1% in October. The growth in the output of the electricity and mining sectors for October were recorded at 2% and 0.9%, respectively

# India's CPI for the month of November



India's retail inflation cooled to 5.48% in November, slipping below RBI's upper tolerance band of 6% after breaching it in October, the expectations were at 5.53%. On a MoM basis, CPI declined by 0.15% from October. Last week, the RBI's Monetary Policy Committee (MPC) lowered its economic growth forecast for the current fiscal year to 6.6% from 7.2% while raising its inflation projection to 4.8% from 4.5%.



## Mr. Sanjay Malhotra assumes charge as new RBI governor



Sanjay Malhotra took charge as the 26th Governor of the RBI on 11th December for a term of 3 years, he was the Revenue Secretary with the Finance Ministry. Malhotra is an IAS officer from the 1990 batch; he graduated in computer science from the Indian Institute of Technology (IIT), Kanpur, and completed his Master's in Public Policy from Princeton University, United States. As a Revenue Secretary, he played a pivotal role in several economic reforms, including:

1. Rationalising capital gains tax in the Union Budget.
2. Overhauling income tax slabs in the new regime to encourage migration from the old system.
3. Removing the windfall gains tax, benefiting the oil refining sector.
4. Advocating a 28% GST on online gaming in discussions with the GST Council.

## Bank Deposits and Credit Growth in November



The Credit growth slowed to 10.64% YoY, growing almost in tandem with deposits, which posted a growth of 10.72% YoY during the same period.

Credit growth had far exceeded deposit growth until a few months ago. It was in the fortnight ending October 18 that, after 30 months, deposit growth outpaced credit growth as credit growth had come off its peaks from last year. The slowdown in credit growth is driven by several factors, including the RBI's increase in risk weights on unsecured loans and loans to non-banking financial companies, stress in the unsecured retail segment, and its directive for banks to reduce their high loan-to-deposit ratios. Earlier, only unsecured loans were slowing; now the slowdown is spreading even to secured segments

	Dec 1, 2023	Nov 29, 2024	Growth (%)
Outstanding Deposits	20,323,007	22,473,412	10.6
Demand Deposit	2,380,935	2,625,279	10.3
Time Deposit	17,942,072	19,848,133	10.6
Bank Credit	16,241,556	17,959,958	10.6

\*Data for all scheduled banks (amount in ₹ cr) Source: RBI

## Indian hospitality sector eyes Rs 80 billion boost as four new players gear up for market debut



India's hospitality sector is gearing up for a significant expansion in its listed universe, with four new players set to debut on the stock market. Schloss Bengaluru, Ventive Hospitality, and Brigade Hotels are collectively aiming to raise approximately Rs80 billion through Initial Public Offerings and additionally, ITC Hotels is preparing for a demerger in Q4 FY25, further diversifying the sector's public representation. Elevated travel demand, coupled with increasing Average Room Rates and high occupancy levels, reflects strong consumer preferences for travel experiences over other spending categories.

## Mutual fund SIP and AUM update for the month of November'24.

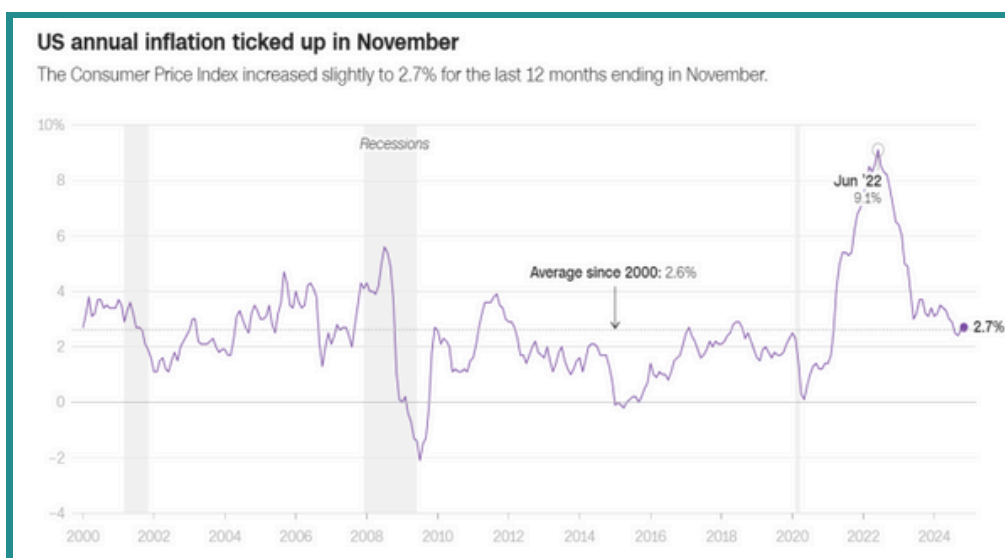


The monthly mutual fund SIP crossed the Rs 25,000 crore mark for the second consecutive month, standing at Rs 25,320 crore in November, compared to Rs 25,323 crore in October. The SIP AUM was Rs 13.54 lakh crore in November 2024. The retail AUM (Equity + Hybrid + Solution Oriented Schemes) stood at Rs 39.7 lakh crore in November, compared to an AUM of Rs 39.18 lakh crore in October. The mutual fund assets under management (AUM) registered a marginal growth of 1% and stood at Rs 67.81 lakh crore as of November 30, 2024, compared to Rs 66.98 lakh crore in October. The ratio of Assets Under Management (AUM) of mutual funds to India's GDP is around 18.1%, which is significantly lower than the global average.

## US' CPI number for November'24



In the 12 months through November, the CPI climbed 2.7% after increasing 2.6% in October, and a 0.3% rise MoM. Housing prices have proved particularly sticky since the pandemic, with home prices, rents and mortgage rates all rising significantly in recent years. The increase in shelter costs contributed about 40% of the CPI increase last month. The core CPI, which excludes volatile food and energy prices, rose 3.3% and 0.3% MoM. The country's producer price index, which tracks inflation before it reaches consumers, rose 0.4% last month from October, and climbed 3% YoY in November, the sharpest year-over-year rise since February 2023.



# Rate cuts around the world



The Bank of Canada cut rates by 50 bps to 3.25% on Wednesday, marking the first time since the COVID-19 outbreak that it has implemented consecutive half-point cuts. The ECB is firmly in easing mode, cutting its deposit rate by 25 bps to 3% on Thursday in its fourth such move this year and keeping the door open to further reductions.

COMMODITY PRICES



International gold prices increased by 0.37% to close at \$2,647.86/Oz



International silver prices decreased by 3.2% to close at \$30.57/Oz



International crude prices increased by 4.13% to close at \$74.06/bl

Indian Equity Benchmarks			
INDEX	13-Dec-24	06-Dec-24	Change%
SENSEX	82,133	81,709	0.52%
NIFTY 50	24,768	24,677	0.37%
NIFTY Bank	53,584	53,509	0.14%
NIFTY IT	45,996	44,716	2.86%
NIFTY Mid Cap 150	21,748	21,665	0.38%
NIFTY Small Cap 250	18,264	18,328	-0.35%
US 10 Yr. bond yield	4.39	4.148	5.83%
India 10 Yr. bond yield	6.85	6.74	1.63%
INR/USD	84.82	84.79	0.04%



Latest Indian Economic Numbers			
Name	Value	Name	Value
Nominal GDP- Q2FY25	Rs 76.60 lakh crore	Nominal GDP- Q1FY25	Rs 77.31 lakh crore
CPI (Nov'24)	5.48%	CPI (Oct'24)	6.21%
WPI (Oct'24)	2.36%	WPI (Sep'24)	1.84%
Mfg. PMI (Nov'24)	57.3	Mfg. PMI (Oct'24)	57.4
FII Net Outflow – Week ended 13 <sup>th</sup> Dec		INR 226.7 Cr	
DII Net Inflow – Week ended 13 <sup>th</sup> Dec		INR 2,880 Cr	
India Fx Reserves – Week ended 6 <sup>th</sup> Dec		\$658.09bn (6 <sup>th</sup> Dec)	\$656.58bn (29 <sup>th</sup> Nov)